



Economic Development Forgivable Loan Policy Guidelines & Application

City of Elk River
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ELK RIVER ECONOMIC DEVELOPMENT FORGIVABLE LOAN POLICY GUIDELINES & APPLICATION

I. OVERVIEW

The Economic Development Authority (EDA) for the City of Elk River recognizes the need to stimulate private sector investment to help spur new construction, create and retain employment opportunities, and promote the sale of city-owned property.

The focus is on industrial, manufacturing, and technology-related industries to increase the local and state tax base and improve economic vitality. The program can be used toward the purchase of land (preference given to city-owned property) or to assist in purchasing new machinery, equipment, furniture or fixtures.

II. TO APPLY

Applications will initially be accepted from February 15, 2013 to March 15, 2013. After March 15th, applications will be accepted on an ongoing basis and reviewed monthly. Projects will be scored based on the attached Application Review Worksheet. The applicant shall complete and submit the attached application to the city, along with a processing fee of 1% of the loan request to cover processing expenses (fee will be refunded if application is denied). Once application is deemed complete, it will be reviewed by the EDA Finance Committee and EDA (process may take up to six weeks). Applicants will be notified of application status no later than May 3, 2013.

III. PURPOSE

Forgivable loan funds are to be used for business start-ups, expansions, and relocations where jobs are created and tax base is generated. This can be accomplished by the following means:

1. Creation of permanent, private-sector jobs in order to create above average economic growth;
2. Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
3. Increase of local tax base;
4. Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living; and
5. Stimulation of productivity growth through improved manufacturing or new technologies.

IV. PROJECT ELIGIBILITY AND REQUIREMENTS

The forgivable loan must be based on the following criteria:

1. Creation of new jobs which meet the Federal low to moderate income (LMI) guidelines and wage goals (currently wages and benefits must equal at least \$12.19/hr. requirements adjust annually in March). At least 51% of the jobs created must be made available or held by LMI person as outlined on page 18 of this application.
2. Increase in tax base
3. The project demonstrates that investment of public dollars induces private funds;
4. The project provides higher wage levels to the community or will add value to current workforce skills;
5. The project results in the sale and development of city owned property;
6. Whether assistance is necessary to retain existing business; and
7. Whether assistance is necessary to attract out-of-state business.

A forgivable loan cannot be made solely on a finding that the conditions in clause 6.) or 7.) exist. A finding must be made that a condition in clause 1.), 2.), 3.), 4.), or 5.) also exists.

Forgivable loans are awarded to businesses that meet all project and job requirements as outlined within. Projects are awarded based upon meeting program criteria.

V. ELIGIBLE ACTIVITIES

Forgivable Loan may be used for the following activities:

1. Land acquisition (city-owned property given preference)
 2. Purchase of furniture, fixtures, and equipment (FF&E) along with new construction*
- *if equipment installation is greater than \$2,000, Davis Bacon Rates apply

VI. BUSINESSES ELIGIBILITY

Any project meeting the above criteria, and located or proposed to be located within the city limits of Elk River as defined by this program, may be eligible for an Economic Development Forgivable Loan as further defined herein:

1. Business must be a for-profit corporation, partnership, or sole proprietorship.
2. Business must be a *small business* as defined by the Small Business Administration (SBA).
3. Business must have a positive net worth.
4. Business must be an industrial, manufacturing or technology-based industry
5. Religious, political, casino, sports facilities and pornographic enterprises are not eligible to use the Economic Development Forgivable Loan Program.

VII. FORGIVABLE LOAN TERMS & CONDITIONS

Loan Amount

There is a maximum of \$200,000 per forgivable loan. Federal guidelines require a minimum of one job to be created for every \$35,000 requested. To receive maximum loan amount of \$200,000, applicant would need to create six new FTE positions of which 51% meet LMI requirements. Wage and benefits must be equal or greater than \$12.19/hr. The Federal poverty level changes annually. Applicants will have a minimum of two years to hire these jobs, and the jobs created by the forgivable loan program must be retained for a minimum of one year. Job creation and retention periods will be established by the Economic Development Authority (EDA) and the EDA Finance Committee. Program guidelines may be changed on a case-by-case basis at the EDA's discretion.

Loan Structure

All Economic Development Forgivable Loans shall be structured as direct loans.

Interest will be fixed at 3% or 2 points below the lowest prime rate published in the Wall Street Journal, whichever is greater.

The applicant must provide at least 50% of project cost through other means. Equity down payment requirements may vary depending on project and primary lending institution. Forgivable loan funds may be used as equity upon approval of primary lending institution.

The EDA may require additional agreements to be signed by the borrower (i.e. security agreement, personal guarantees, business subsidy agreement).

Other EDA Incentives

Projects can combine the forgivable loan with all other incentives (i.e.: Micro Loan Program, Tax Abatement, TIF, etc.)

Call of Loan

Forgivable Loan terms are set by the EDA. Projects which don't meet the terms may be required to repay all or a portion of the loan as determined in the loan agreement. If the 51% of LMI job creation is not met, the funds will need to be repaid. A job creation extension may be granted upon review of the Economic Development Authority on a case by case basis. Repayment terms will vary depending on the use of funds and collateral securing the loan. Specific repayment terms will be defined in the loan agreement in the event repayment of part or the entire forgivable loan is required. A loan shall become due and payable in full if a business relocates outside of the City of Elk River prior to the maturity date of the loan.

The loan will be forgiven upon completion of all of the goals set forth by the EDA, and the jobs created as a result of the forgivable loan program are retained for a minimum of one year.

VIII. LOAN SECURITY AND GUARANTEES

Applicant must secure the loan by providing the EDA with a minimum of a subordinate mortgage upon the building and/or assets or other approved collateral.

Personal guarantees will be made part of all loan agreements.

Key person life insurance may be required as determined by the EDA Finance Committee based on loan amount and company ownership partners.

IX. TIMING OF PROJECT EXPENSES/PROJECT TIMELINE

No project can commence until the Elk River Economic Development Authority has approved the loan application. Any costs incurred prior to the approval of the loan application are not eligible expenditures. Applicant must submit project timeline with application; timeline will assist in determining job creation goal deadlines.

The applicant will be responsible for all legal, recording, and other fees required for protection of a security interest in the loan, payable by a non-refundable 1% processing fee, which is paid at the time of application. In addition to the non-refundable 1% processing fee, all legal and filing fees shall be paid by the borrower at loan closing.

X. PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

1. All applicants shall first contact a primary lending institution to determine if additional equity is needed, and if so, how much.
2. The applicant and the primary lender (if applicable) shall then meet with City Staff to obtain information about the Economic Development Forgivable Loan program, discuss the project, and obtain application forms.
3. The applicant shall complete and submit an application form to the City, along with a processing fee of 1% of the loan request. (The fee is used to cover processing expenses and will be returned only if application is denied.) The applicant must provide evidence of their ability to meet the equity requirements or provide a letter of commitment for conventional financing from the primary lending institution if applicable.

4. The EDA is a governmental entity and as such must provide public access to public data it receives. Data deemed by Applicant to be nonpublic data under State law should be so designated or marked by Applicant. See Minn. Statute Sections 13.59, Subd. 1, respectively.
5. City staff will review the application to determine if it conforms to all City policies and ordinances and to consider the following:
 - a. The availability and applicability of other governmental grants and/or loan programs.
 - b. Whether the proposed project conforms with building and zoning codes.
 - c. Whether the proposed project is desirous and in the best interests of the public to provide funding for the project.
6. With written permission granted by the applicant, the application will be submitted by City Staff to the Small Business Development Center (SBDC) as advisory consult for staff and EDA Finance Committee. Applicant will be asked to execute a Release of Information form with SBDC.
7. The EDA Finance Committee and EDA Commissioners will review each application in terms of its consistency with the goals of the City's Comprehensive Plan and Economic Development Strategic Plan. Consideration will also be given to the project's overall impact on the community's economy. The EDA Finance Committee will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design includes review of proposed activities, time lines and a capacity to implement.
 - b. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - Appropriate ratio of private funds to Forgivable Loan funds.
 - Sufficient cash flow to cover proposed debt service as demonstrated by financial statements and projections.
 - Ability to demonstrate a positive net worth.
 - Letter of Commitment from applicant pledging to complete the project during proposed project duration, if the loan application is approved.
 - Letter of Commitment from other financing sources stating terms and conditions of their participation in the project if applicable.
 - Sufficient collateral.
 - Certificate of Good Standing from the Minnesota Secretary of State or other satisfactory evidence of good standing.
 - c. All other information as required in the application and/or additional information as may be requested by the Economic Development Authority.
 - d. Job retention requirements will be determined at the time of approval.
 - e. Project compliance with all city codes and policies.
 - f. Program Objectives - In addition to quality job and wage creation/retention requirements, the applicant must meet all Forgivable Loan Program criteria and demonstrate how the proposed activities will meet at least one of the objectives listed on page two of this application.
8. The EDA Finance Committee will recommend the approval, denial, or request a resubmission. A

recommendation from the Finance Committee will be forwarded to the EDA for final action.

9. Loan proceeds will be disbursed upon proof of expenditures. A closing to execute the forgivable loan documents will only occur upon the following:
 - a. Evidence that Applicant's portion of project funds have been disbursed or escrowed; or
 - b. Written confirmation from the primary lender that Applicant has met equity requirements for the project and primary Lender has funded their portion of the project;
 - c. Lender has fully funded the project and is seeking take out financing by EDA for EDA's portion of the project; or
 - d. Lender is requesting simultaneous closing for the funding of the project.

XI. LOAN POLICY REVIEW

The above criteria will be reviewed on an annual basis to ensure that the policies reflected in this document are consistent with the economic development goals set forth by the City.

XII. RIGHT OF REFUSAL

The Elk River Economic Development Authority may deny any project which it deems inappropriate according to the guidelines established in this document.

XIII. COMPLIANCE WITH MN BUSINESS SUBSIDY LAW

Each company receiving assistance in the principal amount of \$75,000 or more from the EDA Forgivable Loan Program shall be subject to the provisions and requirements set forth by Minnesota Business Subsidy Law Statute 116J.993 and the City of Elk River Business Subsidy Policy.

All applicants will be required to submit annual progress reports to the Economic Development Authority until job creation requirements are met. Additionally, all new hires will be required to complete a salary survey to prove LMI requirements are met and forgivable loan policy requirements are met

XIV. OTHER FEDERAL REQUIREMENTS

1. FAIR HOUSING AND EQUAL ACCESS

- a. Title VI of the Civil Rights Act of 1964, as Amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1)
 - i. No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color or national origin.
- b. The Fair Housing Act (42 U.S.C. 3601-3620) ((24 CFR Part 100-115)
 - i. Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104 (b) (2) of the Act requires that each grantee certify to the secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan, take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan and actions in this regard.
- c. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24 CFR Part 107)

- i. Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.
- d. Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) (24 CFR Part 146)
 - i. Prohibits age discrimination in programs receiving Federal financial assistance.
- e. Section 109 of Title I of the Housing and Community Development Act of 1974
 - i. Requires that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with Community Development Block Grant (CDBG) funds on the basis of race, color, religion, national origin or sex.
- f. Americans with Disabilities Act (ADA) (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, and 225)
 - i. Provided comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act also states that discrimination includes the failure to design and construct facilities that are accessible to and usable by persons with disabilities and requires the removal of architectural and communication barriers that are structural in nature in existing facilities.
- g. Section 504 of the Rehabilitation Act of 1973
 - i. Prohibits discrimination in Federally assisted programs on the basis of handicap. It imposes requirements to ensure that “qualified individuals with handicaps” have access to programs and activities that receive Federal funds.
- h. Architectural Barriers Act of 1968 (942 U.S.C. 4151-4157)
 - ii. Requires certain Federally funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people.

2. EQUAL OPPORTUNITY

- a. Equal Employment Opportunity, Executive Order 11246, as amended.. (41 CFR part 60)
 - i. Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000.
- b. Section 3 of the Housing and Urban Development Act of 1968
 - i. Requires that, to the greatest extent feasible, opportunities for training and employment arising from CDBG will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contracts for work (all types) to be performed in connection with CDBG will be awarded to business concerns that are located in or owned by persons residing in the program service area.
- c. Minority/Women’s Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e)).
 - i. City will prescribe procedures for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all public infrastructure contracts.

3. LABOR REQUIREMENTS

All contracts for construction and installation of equipment must comply with the following:

- a. Davis-Bacon and Related Acts (40 USC 276 (A)-7)
 - i. Ensures that mechanics and laborers employed in construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed.
- b. Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333)
 - i. Provides that mechanics and laborers employed on Federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. It also addresses safe and healthy working conditions.
- c. Copeland (Anti-Kickback) Act (40 USC 276c)
 - i. Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a Federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
- d. Fair Housing Standards Act of 1938, As Amended (29 USC 201, et.seq.)
 - i. Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.
- e. In accordance with 24 CFR Part 5, CDBG funds may not be used to directly or indirectly employ, award contracts to or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension or placement of ineligibility status. Grantees should check all contractors, subcontractors, lower tier contractors and subrecipients against the Federal publication that lists debarred, suspended and ineligible contractors. See internet site at <http://www.arnet.gov/epl/>.

4. PROCUREMENT

The procurement standards of 24 CFR 85.36 apply.

5. CONFLICT-OF-INTEREST

For the procurement of property and services, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. This requires the city to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

- a. Require that no employee, officer, agent of the city or its subrecipient shall participate in the selection, award or administration of a contract supported by CDBG if a conflict-of-interest, either real or apparent, would be involved;
- b. Require that grantee or subrecipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors potential contractors or parties to subagreements; and
- c. Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

- a. An employee, agent or officer of the grantee or subrecipient;
- b. Any member of an employee's, agent's or officer's immediate family;
- c. An employee's, agent's or officer's partner; or
- d. An organization that employs or is about to employ an employee, agent or officer of the grantee or subrecipient.

In cases not covered by the above, the CDBG regulations at 24 CFR 570.611 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the city or subrecipient. The regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to CDBG activities or who is in a position to participate in decisions or gain inside information:

- a. May obtain a financial interest or benefit from a CDBG activity;
- b. Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the city or subrecipient entity.

Upon written request, exceptions to these provisions may be granted by HUD on a case-by-case basis only after the city has:

- a. Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
- b. Provided a legal opinion from the city stating that there would be no violation of state or local law if the exception were granted.

6. ENVIRONMENTAL REVIEW

The city is responsible for undertaking environmental reviews in accordance with the Environmental Handbook. The Environmental Review must be completed before funds are committed.

7. FLOOD INSURANCE

Section 202 of the Flood Disaster Protection Act of 1973 (42 USC 4106) requires that CDBG funds shall not be provided to an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

- a. The community is participating in the National Flood Insurance Program, or it has been less than a year since the community was designated as having special flood hazards; and
- b. Flood insurance is obtained.

8. DISPLACEMENT, RELOCATION, ACQUISITION AND REPLACEMENT OF HOUSING

Projects involving acquisition, rehabilitation or demolition may be subject to the provisions of the Uniform Relocation Act.

9. ANTI-PIRATING RULE

Funds may not be used to assist for-profit businesses, including expansions, as well as infrastructure improvement projects or business incubator projects designed to facilitate business relocation IF

- a. The funding will be used to assist directly in the relocation of a plant, facility or operation; and

- b. The relocation is likely to result in a significant loss of jobs in the labor market area from which the relocation occurs

The following are definitions to assist in determining if a business location falls under these provisions:

- Labor Market Area (LMA): An LMA is an economically integrated geographic area where individuals can live and work within a reasonable distance or can readily change employment without changing their place of residence.
- Operation: A business operation includes, but is not limited to, any equipment, production capacity or product line of the business.
- Significant Loss of Jobs
 - A loss of jobs is significant if:
 - The number of jobs to be lost in the LMA in which the affected business is currently located is equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that LMA;

OR in all cases

- A job is considered to be lost due to the provision of CDBG assistance if the job is relocated within three years of the provision of assistance to the business.
- Notwithstanding the above definition, a loss of 25 jobs or fewer does not constitute a significant loss of jobs.

Before directly assisting a business with CDBG funds, the state and UGLG shall include appropriate language in the written agreement with the assisted business to ensure that no pirating has occurred. In addition to other programmatic clauses, the written agreement shall include:

- A statement from the assisted business as to whether the assisted activity will result in the relocation of any industrial or commercial plant, facility, or operation from one LMA to another, and, if so, the number of jobs that will be relocated from each LMA.
- If the assistance will not result in a relocation covered by this section, a written certification from the assisted business that neither it, nor any of its subsidiaries, have plans to relocate jobs at the time the agreement is signed that would result in a significant job loss as defined in this rule; and
- The agreement shall provide for reimbursement of any assistance provided to, or expanded on behalf of, the business in the event that assistance results in a relocation prohibited under this section.

XV. STATE REQUIREMENTS

1. MINNESOTA INVESTMENT FUND (MS.116J.8731)

Wage Goals - Businesses receiving assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level for a family of four, which as of March 1, 2012 is \$12.19 per hour. The federal poverty level changes annually.

Retail Businesses are not prohibited from receiving federal ED assistance.

2. MUNICIPAL RIGHTS, POWERS, DUTIES (MS 471.87-471.88)

An officer of the city may not have a personal financial interest or personally benefit financially

from the business to be assisted.

3. BUSINESS SUBSIDY LAW (MS 116J.993-116J.995).

Any state or local government agency or public entity that provides financial assistance to a business must comply with this statute.

4. FIRST SOURCE AGREEMENT (MS 116L.66)

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the MN Department of Employment and Economic Development.

5. SURETY DEPOSITS REQUIRED FOR CONSTRUCTION CONTRACTS (MS 290.9705)

When a public infrastructure contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the city must do one of the following:

- a. Deposit with the Department of Revenue, 8 % of every payment made to the contractor; or
- b. Have in its possession a Waiver of Withholding from the Department of Revenue.

6. GOVERNMENT DATA PRACTICES (MS 13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.

ELK RIVER ECONOMIC DEVELOPMENT FORGIVABLE LOAN APPLICATION

I. CONTACT INFORMATION

Legal Name of Business: _____

Project Site Address: _____

City / State / Zip _____

Contact Person(s) _____

Business Phone _____ Fax _____

Home Phone _____ Email _____

Check One: _____ Proprietor _____ Corporation _____ Partnership

Federal ID # _____ State ID # _____

*Social Security Number may be requested.

II. NATURE OF LOAN REQUEST

Does your project involve purchasing city-owned property?

_____ Yes

_____ No

Amount Requested: \$ _____ Total Project Cost: \$ _____

Type of project:

_____ New construction for a startup business.

_____ New construction for an existing business.

_____ On site expansion

_____ Equipment purchase

_____ Other _____

Project timeline:

Please give a brief summary of your business and its products or service:

Please give a brief summary of the project:

Please describe how this loan will impact your project:

III. FINANCING

Project Costs

Land	\$ _____
Site improvements	\$ _____
Buildings (attach plans & costs)	\$ _____
Equipment/Machinery/Fixtures (attach list and estimated costs)	\$ _____
Remodeling	\$ _____
Industrial Inventory/Working Capital	\$ _____
Other (attach description)	\$ _____
Total Costs	\$ _____

Comments:

Proposed Sources of Financing

<u>SOURCE</u>	<u>NAME</u>	<u>TERMS</u>	<u>AMOUNT</u>
Bank Loan	_____	_____	\$ _____
Bank Loan	_____	_____	\$ _____
Other Private Funds	_____	_____	\$ _____
Applicant Contribution	_____	_____	\$ _____
Other	_____	_____	\$ _____
Fed Grant/Loan	_____	_____	\$ _____
State Grant/Loan	_____	_____	\$ _____
EDA Micro Loan	_____	_____	\$ _____
EDA Forgivable Loan	_____	_____	\$ _____
Tax Increment Financing	_____	_____	\$ _____
Tax Abatement	_____	_____	\$ _____
Total Financing			\$ _____

Collateral Assignments

<u>Description of Collateral</u>	<u>Lien Position</u>
To Bank 1 _____	_____
To Bank 2 _____	_____
To Private Sources _____	_____
To Other Sources _____	_____
To Federal Govt _____	_____
To State _____	_____
To EDA Micro Loan _____	_____
EDA Forgivable Loan _____	_____

Value of Collateral

	<u>Book Value</u>	<u>Cost</u>	<u>Existing Liens</u>
Land	\$ _____	\$ _____	\$ _____
Buildings	\$ _____	\$ _____	\$ _____
Machinery & Equip.	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____
Other _____	\$ _____	\$ _____	\$ _____

IV. JOB & WAGE GOALS

How many employees do you currently have? _____

Guidelines require a minimum of one job created for every \$35,000 requested. Of total jobs created, at least 51% must be taken to a low to moderate income person.

Jobs To Be Created*

Please provide the following information on jobs you expect to create Within 2-years.

Job Title	Number of Jobs	Average Hourly Wage	Annual Salary	Are the Jobs Permanent or Temporary?	Expected Hiring Date

Program Objectives

(Check all that apply)

- _____ The project contributes to the fulfillment of the city's approved and adopted economic development and/or redevelopment plans.
- _____ The project prevents or eliminates slums and blight.
- _____ The project increases the local tax base.
- _____ The project brings a structure into compliance with an existing building code violation.

V. PROJECT CONTACTS

Attorney

Name _____

Address _____

Phone _____

Accountant

Name _____

Address _____

Phone _____

Financing Sources (lenders, partners, etc...)

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

Parent Company

Name _____

Address _____

Phone _____

Others

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

VI. ATTACHMENTS CHECK LIST

Please attach the following:

- _____A) Written Business Plan:
 - 1. Description of Business
 - 2. Ownership
 - 3. Management
 - 4. Date Established
 - 5. Products/Services
 - 6. Future Plans
- _____B) Financial Statements for Past Two Years
- _____C) Financial Projections for Two Years
- _____D) Resume of Owner/Management
- _____E) Personal Financial Statements of Proprietor, Partners, Guarantors
- _____F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- _____G) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project
- _____H) Fee of 1% of amount of loan request
- _____I) Certificate of Good Standing

VII. AGREEMENT

I / We certify that all information provided in this application is true and correct to the best of my/our knowledge. I / We authorize the City of Elk River and the Finance Committee to check credit references and verify financial and other information. I / We agree to provide any additional information as may be requested by the City and the Finance Committee.

APPLICANT SIGNATURE_____

BY_____

DATE_____

APPLICATION REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF

1. The project meets the criteria set forth in Section IV of the Forgivable Loan Policy.

Check those which apply. Must meet first four to score 20 points. 0 points if any of the first four boxes are unchecked.

- ☐ Creates new jobs which meet the federal low to moderate income guidelines
- ☐ Increases tax base
- ☐ The project can demonstrate that investment of public dollars induces private funds
- ☐ The project provides higher wage levels to the community or will add value to current workforce skills.
- ☐ The project results in the sale and development of city owned property (*additional 100 points given*)
- ☐ Applicant has sufficient collateral (*if box isn't checked loan won't be considered*)

Subtotal Section 1 (maximum 120 points) _____

2. Consideration of Capacity. *Check those which apply. Must meet all four to score 20 points. 0 points if any boxes are unchecked.*

- ☐ Applicant included a realistic implementation /project schedule
- ☐ Applicant has the ability to administer and monitor project
- ☐ Applicant has the ability to conform to city, state and federal requirements
- ☐ Applicant has agreed to annual progress reports and submission of salary surveys for all new hires

Subtotal Section 2 (maximum 20 points) _____

3. Impact:

Points

Number of new jobs as a result of the project: _____

**Award five points per job created up to 150 points*

Ratio of loan funds to jobs created/retained

\$15,000 or less/job 80 points

\$15,001-\$24,999/job 60 points

\$25,000-\$34,999/job 40 points

\$35,000 and over/job 20 points

Increase in the local real estate tax base

>\$500,000 20 points

\$250,000 to \$500,000 15 points

<\$250,000 10 points

Immediacy of Impact

**20 points awarded if project will begin within 6 months*

Subtotal Section 3 (maximum 270 points) _____

**minimum of 60 points must come from this section in order for project to be considered*

4. Wage Level of new jobs created:

Points

Minimum hourly wage of jobs created/retained: _____

Over \$21/ hour	5 points
\$18-21 / hour	4 points
\$14-17 / hour	3 points
\$11-13 / hour	2 points
Below \$11/ hour	application disqualified

5. Project size:

The project will result in the construction of _____ square feet.

80,000+	50 points
65,000+	40 points
50,000+	30 points
35,000+	20 points
25,000+	10 point

Subtotal Sections 4-5 (maximum 55 points) _____

Sub - Total Points: _____ **of a possible 465 points.**

LMI Income Limits

I. OVERVIEW

Below is the Low and moderate income limits for Sherburne County. In order to qualify for the Forgivable Loan program as outlined above, 51% of the full-time jobs created by the project need to be filled by employees falling into the category in the table below. To calculate the income of the individual or household:

1. The Family's entire income must be counted.
2. A family is all persons living in the same household who are related by blood, marriage, or adoption.
3. Adult children who continue to live at home should be included in the entire family's income.
4. A dependent child who is living outside of the home but continues to be claimed by the parent(s) as a dependent on their taxes should include their parents' income along with theirs to make up the family's income.

<u>FY 2013 Income Limit Area</u>	<u>Median Income</u>	<u>FY 2013 Income Limit Category</u>	<u>1 person</u>	<u>2 person</u>	<u>3 Person</u>	<u>4 Person</u>	<u>5 Person</u>	<u>6 Person</u>	<u>7 Person</u>	<u>8 Person</u>
<u>Sherburne County</u>	\$82,300	Low (80%) Income Limits	\$45,100	\$51,550	\$58,000	<i>\$64,400</i>	\$69,600	\$74,750	\$79,900	\$85,050